

**DRAFT 2019/20 INTERNAL AUDIT PLAN**

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**1. INTRODUCTION**

1.1 This report introduces the draft 2019/20 internal audit plan.

**2. RECOMMENDATIONS**

2.1 To note proposed content and feedback any comments to the Chief Internal Auditor (CIA).

**3. DETAIL**

3.1 The Public Sector Internal Audit Standards (PSIAS) stipulate that the Council's internal audit plan must be risk based and focused on governance, risk and controls to allow the CIA to provide an annual opinion on the Council's internal control framework, based on the work undertaken during the year. This annual opinion informs the Annual Governance Statement.

3.2 The Committee agreed that a draft audit plan would be submitted to the December meeting of the Audit & Scrutiny Committee (the Committee) to allow members to review proposals and feedback any comments to the CIA prior to approving the finalised plan at the March 2019 meeting of the Committee.

3.3 The draft Annual Audit Plan is shown at Appendix 1. The creation of the plan gave consideration to a number of factors including:

- a new audit universe created by internal audit during 2018/19 which used the Council's ongoing 'reconstructing the budget' information as a baseline and factored in
  - materiality
  - sensitivity
  - time elapsed since it was last subject to review
  - overall audit assessment when it was last subject to review.
- the Council's strategic risk register and operational risk registers
- input from Executive Directors and Heads of Service
- a consideration of the need to provide audit coverage across all Heads of Service, the HSCP and LiveArgyll
- significant changes within the Council (i.e. new systems, new policies)
- wider issues in the public sector environment
- a team meeting to discuss possible areas of focus.

3.4 The Audit plan is broken down into 3 main areas which are:

- cross-cutting reviews including the Continuous monitoring programme

- service department reviews
  - verification reviews.
- 3.5 Cross cutting reviews include auditable areas which are non-specific to an individual department or service activity and which are of a corporate or organisational wide focus. Service department reviews include auditable units within the audit universe which are specific to an individual department. Internal Audit also undertake a number of verification reviews throughout the year. These reviews are primarily focused on testing and verifying areas such as grant claims and performance indicator submissions.
- 3.6 Our continuous monitoring programme includes a number of auditable units which were historically subject to individual annual audits. These areas are now tested on a regular recurring basis with control weaknesses reported by exception.
- 3.7 An indicative outline scope is given for each of the audit reviews. Full terms of reference will be discussed and agreed with the relevant Head of Service as part of the planning process for each audit.
- 3.8 The plan is based on an estimated available 800 audit days with suitable contingency factored in. The plan remains fully flexible, to accommodate changes in the Council's risk profile and /or emerging risks.
- 3.9 Feedback on the draft plan has been obtained from the SMT, the two Council DMTs, the Chief Officer of the HSCP and the Live Argyll General manager. This has been incorporated into the plan included as appendix 1 to this paper

#### **4. CONCLUSION**

- 4.1 The draft annual audit plan is risk based and is aligned to the Council's long term outcomes, corporate objectives and strategic risk register. The plan also incorporates continuous monitoring and verification activity sections.

#### **5. IMPLICATIONS**

- 5.1 Policy - None
- 5.2 Financial -None
- 5.3 Legal -None
- 5.4 HR - None
- 5.5 Equalities - None
- 5.6 Risk – Delivery of an effective internal audit function and plan should help reduce the Council's risk exposure
- 5.7 Customer Service - None

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18 December 2018**

#### **For further information contact:**

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#### **APPENDICES**

Appendix 1 – Draft 2019/20 Internal Audit Plan